

WEATHER.  
(U. S. Weather Bureau Forecast.)  
Fair tonight; tomorrow partly cloudy  
and continued warm; lowest temperature  
tonight about 50; gentle variable winds.  
Temperatures today—Highest, 82, at 3  
p.m.; lowest, 50, at 5:30 a.m.  
Full report, page A-2.

Closing New York Markets, Page 22

86th YEAR. No. 34,316.

WASHINGTON, D. C., THURSDAY, APRIL 14, 1938—FIFTY-EIGHT PAGES. \*\*\*

Entered as second class matter  
post office, Washington, D. C. THREE CENTS.

# \$3,012,000,000 IS URGED BY PRESIDENT TO AID IN NATIONAL RECOVERY

Spending Program  
Now Is Swelled to  
\$4,512,000,000.

BANK RESOURCES  
MAY ASSIST PLAN

Roosevelt Calls on All  
Classes to Help in  
Congress Message.

## BACKGROUND—

Mounting unemployment accom-  
panying current business depression  
has been major factor in persuading  
administration leaders they must  
resort to Federal pump-priming  
and work relief again. Amplifica-  
tion of President's message to  
Congress is to come tonight in radio  
broadcast to Nation.

By G. GOULD LINCOLN.

President Roosevelt laid before  
Congress today a program calling for  
an outlay of \$3,012,000,000 of Federal  
funds to relieve unemployment and to  
aid recovery.

This is in addition to the \$1,500,-  
000,000 which Congress already has  
authorized the Reconstruction Finance  
Corp. to lend to private busi-  
ness, making a program totaling  
\$4,512,000,000.

The President also proposed to  
make additional bank resources avail-  
able for the credit needs of the coun-  
try.

1. Through the decentralization of ap-  
proximately \$1,400,000,000 of Treas-  
ury gold.

2. Through the reduction of reserve  
requirements by the Federal Reserve  
Board by about \$750,000,000.

3. The recommendations of the Presi-  
dent were divided into three categories,  
which he described as additional ap-  
propriations for the fiscal year begin-  
ning July 1, additional credit measures  
and measures to provide new work.

Measures Declared Essential.  
All three categories, the President  
insisted, are essential. "You and I  
cannot afford," he said to Congress,  
"to equip ourselves with two rounds of  
ammunition where three rounds are  
necessary." He was referring particu-  
larly to the proposals for additional  
expenditures for public works and sim-  
ilar activities—the so-called "pump-  
priming" expenditures. Pump-priming  
expenditures have been the subject of  
attack in Capitol Hill.

The President in his message called  
upon every group of the people—busi-  
ness, labor and all others—to join in  
a drive to end the downward spiral  
and aid recovery. He struck out particu-  
larly at "hate," and asked for "re-  
straint" and an avoidance of appeals  
to prejudice and "immoderate state-  
ment" in the crisis which confronts the  
country.

"Self-restraint," said the President,  
"implies restraint by articulate public  
opinion, trained to distinguish fact  
from falsehood, and restrained to believe  
that bitterness is never a useful instrument  
in public affairs."

"There can be no dictatorship by an  
individual or by a group in this Nation  
save through division fostered by hate.  
Such division there must never be."

Recommendations Summarized.  
The President summarized his recom-  
mendations as follows:

1. Expenditures from the Treasury  
for work:  
Works Progress Admin-  
stration \$1,250,000,000  
Farm Security Adminis-  
tration 75,000,000  
National Youth Adminis-  
tration 75,000,000  
Civilian Conservation  
Corps 50,000,000  
Public Works Adminis-  
tration 450,000,000  
Highways 100,000,000  
Flood control 37,000,000  
Federal buildings 25,000,000

2. Loans from the Treasury for  
work:  
Farm Security Adminis-  
tration \$100,000,000  
Public Works Adminis-  
tration 550,000,000  
United States Housing Ad-  
ministration 300,000,000

3. "New Money" Described.  
At the White House it was explained  
that the President's program calls for  
only \$1,712,000,000 of new money, or  
for approximately \$500,000,000 of loans  
that will be repaid to the Government.

"New money" was described as fol-  
lows: \$1,250,000,000 for W. P. A.; \$25,-  
000,000 new money for farm security;  
\$25,000,000 for the National Youth Ad-  
ministration; \$50,000,000 for the C.  
C. C. camps; \$450,000,000 for public  
works; \$100,000,000 for highways; \$37,-  
000,000 for flood control and \$25,-  
000,000 for Federal buildings.

The "loans" were put down at  
\$100,000,000 for farm security; \$550,-  
000,000 for W. P. A. and \$300,000,000  
for the Housing Administration.  
The \$1,500,000,000 which the R. F.  
C. has been authorized to loan to

(See SPENDING, Page A-3.)

GEN. CHIANG REPORTED  
PURGING CHINA'S ARMY

Eight High Officers Executed, Say  
Hankow Reports—8 Others  
Get Prison Terms.

By the Associated Press.  
SHANGHAI, April 14.—Chinese dis-  
patches from Hankow today told of a  
purge in the Chinese army by orders  
of Generalissimo Chiang Kai-shek.  
It was said eight high-ranking offi-  
cers had been executed for embezzle-  
ment, cowardice, plundering, mutiny  
or rape and eight others had been con-  
victed of leaving posts without orders  
or otherwise breaking discipline.

## Text of Message

President Tells Congress of Need of Huge Spending  
Program to Speed Improved Conditions  
Through Country.

The text of the President's message  
to Congress on relief follows:

The prosperity of the United  
States is of necessity a primary  
concern of Government. Current  
events, if allowed to run undis-  
turbed, will continue to threaten  
the security of our people and the  
stability of our economic life. The  
national administration has prom-  
ised never to stand idly by and  
watch its people, its business sys-  
tem and its national life disinte-  
grate. It is because the course of  
our economics has run adversely  
for half a year that we owe it to  
ourselves to turn it in the other  
direction before the situation be-  
comes more definitely serious.

When this administration took  
office it found business, credit and  
agriculture in collapse. The col-  
lapse had followed on the heels of  
overproduction and overproduc-  
tion of practically every article or  
instrument used by man. During  
the processes of overproduction and  
overproduction—in the twenties—  
millions of people had been  
put to work, but the products of  
their hands had exceeded the pur-  
chasing power of their pocketbooks.

With the result that huge surpluses  
not only of crops, but also of build-  
ings and goods of every kind over-  
hung the market. Under the in-  
exorable law of supply and demand,  
surpluses so overran demand which  
would pay that production was  
compelled to stop. Unemployment  
and closed factories resulted. Hence  
the tragic years from 1929 to 1933.

## Downward Spiral Declared Stopped.

Starting in March, 1933, the  
Congress and the administration  
devoted themselves unceasingly not  
only to re-establishing reservoirs of  
credit, but to putting purchasing  
power in the hands of the consum-  
ing public and actually securing a  
more equitable distribution of the  
national income. Thus the down-  
ward spiral was stopped—and not  
merely stopped, but started on an  
upward course—a trend lasting  
through four years and a half.

In 1928 the national income was  
\$30,000,000,000. In 1932 it had  
fallen to less than \$40,000,000,000.  
Since the low point of 1932, each  
year, including 1937, has shown a  
(Continued on Page 4, Column 1.)

## LENGTHY IMPASSE ON TAXES SEEN

Senate Conferees Firm in  
Opposition to Profits  
and Gains Levies.

By JOHN C. HENRY.

A drawn-out deadlock was in prospect  
today for conferees on the  
Revenue Act of 1938 as they recessed  
after an hour's session this morning  
with no reported progress.

Abiding by their determination not  
to yield on Senate elimination of the  
undistributed corporate profits tax and  
major modification of the capital  
gains tax, the Senate conferees  
emerged first with the tentative agree-  
ment that nothing had been accom-  
plished beyond agreement that these  
two issues must be settled before other  
differences can be considered.

"We discussed these provisions,"  
Chairman Harrison of the Senate  
Finance Committee said, "but ap-  
proached no agreement. We will meet  
again tomorrow morning."

Doughton Pessimistic.  
Chairman Doughton of the House  
Ways and Means Committee sounded  
equally hopeless.

"We discussed the whole situation,"  
he said, "but we didn't agree on any-  
thing, we didn't vote on anything and  
we didn't do anything."

Asked if any signs had been given  
that either faction would yield, Mr.  
Doughton declared emphatically there  
had been not the slightest.

"No bill can be constructed until  
these two provisions are disposed of,"  
Senator Walsh, Democrat, of Massa-  
chusetts, told reporters. "By the Sen-  
ate treatment of these two issues we  
were able to reject the liquor tax in-  
crease of the House bill and to reduce  
such excise taxes as those on automo-  
biles and yet leave an estimated  
revenue yield of \$200,000,000 more  
than the House measure."

"If we would retreat on the two  
controversial items, the whole bill  
would be thrown out of balance and  
would require restoration of the excise  
levies."

Roosevelt Letter Aired.  
Senator Walsh admitted that yes-  
terday's letter from President Roose-  
velt, urging acceptance of the House  
provisions on these two major sec-  
tions, had been discussed in "asides"  
at today's session.

As the conference stalemate de-  
veloped, a backfire in support of the  
Senate provisions apparently was get-  
ting under way in the House chamber  
under the leadership of Representative  
O'Connor, Democrat, of New York.  
Commenting specifically on regard  
to the President's relief message, Mr.  
O'Connor stressed that a most de-  
sirable course of action would be the  
enactment at once of the tax bill "sub-  
stantially as it passed the Senate,"  
thus eliminating the objectionable cor-  
porate undistributed profits tax and  
modifying the capital gains tax.

The House bill modifies the present  
undistributed corporate profits tax by  
reducing the range of the penalty  
rates and makes new graduations in  
the portion of capital gains to be  
taxed as income. The Senate bill  
eliminates the profits levy in favor  
of a flat income rate of 15 per cent  
and likewise applies a flat 15 per cent  
rate to long-term capital gains.

Modifications Stressed.  
In his letter yesterday, President  
Roosevelt emphasized particularly the  
desirability of House modifications of  
the undistributed profits tax, but made  
clear his wish that the penalty prin-  
ciple not be discarded. The major in-  
justice of the present law he con-  
ceded is in its application to small  
corporations which would get prefer-  
ential treatment under the House bill.

He presented also a defense of the  
theory of considering capital gains as  
ordinary income, declaring that prefer-  
ential treatment for this type of  
earnings would be an injustice to those  
who depend upon salaries and divi-  
dends.

By and large he concluded business  
would be helped rather than adversely  
affected by the House measure as an  
alternative to the Senate version.

## R. F. C. IS READY TO ACT ON LOANS

\$1,500,000,000 Measure Is  
Signed—Reasonable  
Security Asked.

By the Associated Press.

R. F. C. Chairman Jesse Jones, ready  
to lend \$1,500,000,000 to business men  
and States and cities, asked the Na-  
tion's bankers today to turn over to  
his corporation the loan applications  
they cannot meet.

"The security put up by borrowers  
must be reasonable," he declared, "but  
naturally we expect to make loans  
which the banks consider slow, frozen  
or unliquid."

"In fact, we've already set about  
doing that and we're now working out  
a formula of co-operation with the  
banks."

President Roosevelt signed yes-  
terday a measure making the money  
available for loans on long-time basis  
by the Reconstruction Finance Corp.

Mr. Jones said he expected the loans  
would make capital investments more  
attractive and would also forestall  
disposals of surplus stocks.

James Issues Warning.  
In his insistence on "reasonable"  
security, however, he warned that  
"we're not going to lend all the money  
in the country."

Details of lending \$1,500,000,000  
were not expected to trouble the big  
Federal corporation—it has disbursed  
almost seven times that much in six  
years.

Financial bulk of most of the  
New Deal's spending efforts, the R. F.  
C. was created by the Hoover adminis-  
tration on February 2, 1932. Even its  
present chairman was appointed to the  
Board of Directors by President Hoover.

Mr. Jones' fellow directors now are  
Charles B. Henderson, C. B. Merriam,  
Emil Schram and Howard J. Klossner.  
There are about 2,500 employees—half  
in Washington and half in 28 branch  
offices.

Studies Business Problems.  
The staff studies loans and other  
business problems—the feasibility of  
consolidating certain railroads, for  
instance. Some employees, like Special  
Counsel Thomas G. Corcoran, who is  
reputed to be the author of much  
White House-sponsored legislation,  
cover many outside fields.

The R. F. C. has lent \$3,195,000,000  
to more than 7,000 banks, \$337,000,000  
to 75 railroads, \$1,400,000,000 to agri-  
cultural financing institutions and  
about \$110,000,000 to about 2,000 in-  
dividual businesses. In addition, it  
provided more than \$2,000,000,000 of  
relief funds for the Treasury and has  
bought more than \$500,000,000 worth  
of municipal securities from the Pub-  
lic Works Administration.

Excluding the relief, P. W. A. and  
certain other inter-agency transac-  
tions, the R. F. C. has made \$6,512,-  
500,000 worth of loans, of which \$2,-  
060,000,000 are unpaid.

Shopping Tomorrow

The weather promises to con-  
tinue warm and tomorrow will  
bring out the late Easter shop-  
pers—the morning will be the  
best shopping hours. Look in  
today's Star for some of the  
most attractive things offered  
by the stores.

Yesterday's Advertising  
Local Display

The Evening Star. 36,291  
2d Newspaper. 20,622  
3d Newspaper. 14,470  
4th Newspaper. 8,836  
5th Newspaper. 7,675

Total 4 other newspapers. 51,603  
Nearly everybody in Washing-  
ton and suburbs reads The Star  
and thousands shop by it regu-  
larly.

## RAILROADS IN EAST REFUSED BOOST IN PASSENGER FARES

Increase of Half Cent Per  
Mile Is Not Justified,  
I. C. C. Declares.

SCALE OF TWO CENTS  
IS ORDERED RETAINED

Should Not Be Disturbed During  
Business Recession, Says  
Majority Ruling.

## BACKGROUND—

In an effort to bolster their  
finances, the railroads, in midwin-  
ter, petitioned for a 15 per cent  
freight increase, and Eastern lines  
sought to raise coach fares from 2  
to 2½ cents per mile. A freight  
increase of less than half the  
amount asked was granted last  
month, but the passenger fare issue  
was held up until today.

By the Associated Press.

The Interstate Commerce Com-  
mission today denied an application by  
the Eastern railroads for permission to in-  
crease passenger coach fares from 2  
to 2½ cents a mile.

The commission, in its order, said it  
found the proposed increase not jus-  
tified.

Railroads had estimated the half-  
cent increase would have added \$30,-  
000,000 to their revenues.

## Boundaries of Territory.

The Eastern territory in which the  
increase was sought is bounded on  
the west by Lake Michigan, Chicago,  
Peoria and Springfield, Ill.; St. Louis,  
Mo., and Cairo, Ill. From Cairo the  
southern boundary of the territory  
follows the Ohio River to Huntington,  
W. Va., then extends eastward to the  
Norfolk, Va. area.

The passenger fare application  
originally was part of a request by  
the carriers for a 15 per cent freight  
rate increase to bolster dwindling  
rail revenues and relieve financial  
distress.

Last month the I. C. C. granted  
freight rate boosts which, it is esti-  
mated, will return \$175,000,000 addi-  
tional annually. Since then Presi-  
dent Roosevelt has been seeking other  
means of aiding the carriers and only  
this week put the problem up to Con-  
gress.

## Says Case Not Proved.

In ruling on the request for the  
passenger rate increase, a majority of  
the commission said the 2-cent basic  
fare "should not be disturbed, espe-  
cially during a period of business re-  
cession, except on a persuasive show-  
ing that a basis different from the  
present would result in a substantial  
increase in net revenue."

"Such a showing," the majority  
added, "has not been made. Appli-  
cants should at once give considera-  
tion to further steps as may be nec-  
essary to reduce or eliminate their  
costs from head-end and Pullman  
services."

The 11-man commission divided six  
to five in its decision. The dissenters  
were Joseph B. Eastman, Frank Mc-  
Manamy, Charles D. Mahaffie, Carroll  
Miller and John Rogers.

## Will Risk Be Taken.

Mr. Eastman, in a dissent, said it  
"seems folly, at this stage and with  
such slight hope of gain" to risk a  
"most promising tendency" to travel  
by railroad, but added:

"However, I am not prepared to say  
that there is enough evidence before  
us to remove this matter from the  
realm of managerial judgment to the  
realm of fact."

"This being so, while my own  
judgment differs sharply from that  
of the railroad management, I feel  
that they are entitled to take the risk,  
if that is the way they wish to do.  
I would find, therefore, that the pro-  
posed fares will not be unlawful."

## Seek Funds for Quinine.

NEW YORK, April 14 (AP)—Funds  
to purchase one ton of quinine,  
enough to treat 30,000 Chinese for  
malaria, were sought in a campaign  
by the Chinese Student League.  
Three or four tons are needed im-  
mediately, the Chinese Red Cross in-  
formed the league.

Both houses of Parliament con-  
sidered the defense ministry, was  
called in after the failure yesterday  
of workers' and employers' repre-  
sentatives in the privately-owned met-  
allurgical plants to agree.

Similar arbitration sent tens of  
thousands back to their jobs yes-  
terday in the nationalized munitions  
plants.

M. Daladier now plans a decree to  
force government supervision of strike  
votes to halt what government in-  
vestigators said was use of the strike  
as a political weapon.

Both houses of Parliament, the  
Senate acting yesterday, voted M.  
Daladier's cabinet the decree votes  
almost unanimously before adjourning.  
Except for self-imposed promises  
not to establish exchange control,  
impose a special tax on capital or  
revalue gold stocks, the premier was  
given absolute power in economic and  
financial matters.

LeBrun Check.  
In the meantime, President LeBrun  
is the only check on the ministry. He  
must meet with the cabinet when de-  
crees are to be promulgated.

The startlingly overwhelming vote  
in both houses of Parliament—con-  
sidered to be due to personal con-  
fidence in M. Daladier—seemed assur-  
ance that the President would not  
seek to interfere with the premier's  
efforts to strengthen the national de-  
fense and put France back on a sound  
financial footing.

Frenchmen, generally, who long  
for peace, were disappointed.

Shipping News.



## MONROE DOCTRINE IS REASSERTED

Roosevelt, in Broadcast,  
Bars Peace Threat  
From Outside.

By the Associated Press.

President Roosevelt declared today  
the American nations would not per-  
mit peace in the Western Hemisphere  
"to be endangered from aggression  
coming from outside."

Speaking on Pan-American Day to  
the Governing Board of the Pan-  
American Union, the President re-  
asserted in a few words the historic  
Monroe Doctrine—without naming it—  
and placed it on an inter-American  
basis. His speech was broadcast to all  
American Republics.

Asserting that the 300,000,000 citi-  
zens of this hemisphere have the same  
material for controversy which exists  
elsewhere, he said:

"Yet, we have undertaken contrac-  
tual obligations to solve these normal  
human differences by maintaining  
peace; and that peace we are firmly  
resolved to maintain."

"It shall not be endangered by con-  
troversies within our family; and we  
will not permit it to be endangered  
from aggression coming from outside  
of our hemisphere."

The President laid down a brief  
program:

"Our ideal is democratic liberty.  
Our instrument is honor and  
friendship.  
Our method is increased under-  
standing."

"Our basis is confidence."  
Mr. Roosevelt spoke while the State  
Department was trying to solve the  
problem raised by Mexico's confisca-  
tion of American oil wells.

The settlement may establish a  
precedent that would affect invest-  
ments in Latin American countries  
totaling billions of dollars.

The principle is that Latin Ameri-  
can nations in their national interest  
may expropriate foreign-owned prop-  
erty by paying the amount of the  
original investment minus depreciation.

The total valuation of United States  
properties in those nations would  
shrink enormously on this basis. But  
officials believe such a settlement  
would discard, perhaps forever, any  
policy of "dollar diplomacy" and ex-  
change the position of bosses for that  
of good neighbors.

Aside from the Mexican oil situa-  
tion, Pan-American Day takes place  
this year amid general good feeling  
among the Americas.

There is no war in the Western  
Hemisphere. Arbitration has again,  
in the last year, been a success, aver-  
ting possible conflict between Haiti  
and Santo Domingo.

A special feature of the Pan-  
American day was the presence of  
Mark Sullivan.

Conferees Fail to Agree.  
M. Jomcort, permanent undersec-  
retary of the defense ministry, was  
called in after the failure yesterday  
of workers' and employers' repre-  
sentatives in the privately-owned met-  
allurgical plants to agree.

Similar arbitration sent tens of  
thousands back to their jobs yes-  
terday in the nationalized munitions  
plants.

M. Daladier now plans a decree to  
force government supervision of strike  
votes to halt what government in-  
vestigators said was use of the strike  
as a political weapon.

Both houses of Parliament, the  
Senate acting yesterday, voted M.  
Daladier's cabinet the decree votes  
almost unanimously before adjourning.  
Except for self-imposed promises  
not to establish exchange control,  
impose a special tax on capital or  
revalue gold stocks, the premier was  
given absolute power in economic and  
financial matters.

LeBrun Check.  
In the meantime, President LeBrun  
is the only check on the ministry. He  
must meet with the cabinet when de-  
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The startlingly overwhelming vote  
in both houses of Parliament—con-  
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efforts to strengthen the national de-  
fense and put France back on a sound  
financial footing.

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for peace, were disappointed.

Shipping News.

## New Golf Pro

(Story on page A-2.)



WILFRED (WIFFY) COX.  
Named today as professional  
at Congressional Country  
Club. Cox came to Washing-  
ton in 1935 from Brooklyn and  
has been serving as pro at the  
Kenwood Club, just a short  
distance from his new post.

## DALADIER STARTS DICTATORIAL RULE

Extraordinary Powers Will  
Be Used for Spurring  
Arms Program.

BACKGROUND—  
Edouard Daladier formed French  
cabinet last Sunday. He replaced  
Premier Leon Blum, who resigned  
last Friday on refusal of French  
Senate to vote him requested dic-  
tatorial power over French finance  
and economy. Daladier received  
overwhelming votes of approval  
for his use of decree powers from  
both Chamber of Deputies and  
Senate.

By the Associated Press.  
PARIS, April 14.—"The strong man  
of the French Army," Premier War  
Minister Edouard Daladier, began to-  
day a three-and-one-half-month vir-  
tual dictatorship of France with swift  
measures to speed armament produc-  
tion by ending widespread strikes.

The dynamic Premier warned that  
his first use of the extraordinary powers  
given his national defense cabinet  
by Parliament Sunday, provided for  
future strikes and he named a super-  
arbitrator with absolute power to halt  
those now tying up the armament  
industry.

Pierre Jomcort, M. Daladier's trust-  
ed lieutenant, was authorized to out-  
line the terms under which the gov-  
ernment would force back to work  
the approximately 157,000 metal work-  
ers if they refused to accept his arbitra-  
tion.

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